

overhead rates, and profit; and information regarding other direct costs.

(b) *Specific Requirements.* (1) Direct Salary Rates: The offeror shall list the categories of professional or technical personnel required to perform the Statement of Work. A brief definition of the education and experience requirements which qualify an employee for inclusion in a listed category should be provided. Further, if some proposed labor categories are classified by multiple grades within a given discipline (*e.g.*, Architect I and II, or Senior and Junior Engineer), a brief explanation as to how they are differentiated shall be provided.

(2) The offeror, and major subcontractors, should provide individual rates for key personnel. Designation of an individual as a key person is subject to agreement of the parties. Where no key personnel are listed, category average rates are appropriate. Rates should be provided by year for the life of the contract. If rates are escalated, the degree (percent) and methodology must be shown. Escalation increases should reflect recent experience or established personnel policy. Types of salary increases given—merit, cost of living, *etc.*—should be discussed.

(3) Overhead Costs. Generally, the offeror's accounting system and estimating practices will determine the method used to allocate overhead costs. The offeror's established practices, if in accordance with generally accepted accounting principles, will be accepted. Proposed overhead rates should represent the offeror's best estimate of the rates to be experienced during the contract period as projected by company budgets or by recent experience adjusted for factors which will influence trends. A narrative statement outlining the offeror's policies and practices for accumulating overhead costs and the method used to compute the proposed rate or rates is required. In the case of multi-branch firms, joint ventures or affiliates, it is expected that overhead costs applicable to the specific location(s) where work is to be performed will be proposed. Company-wide, joint venture, or affiliate rate averages may not be appropriate. The rates should be tailored to the work location(s).

(4) Profit. (i) A fair and reasonable provision for profit cannot be made by simply applying a certain predetermined percentage to the total estimated cost. Rather, profit should be established as a percentage/dollar amount after considering such factors as:

- (A) Degree of risk;
- (B) Nature of the work to be performed;
- (C) Joint venture responsibilities;
- (D) Extent of offeror's investment;
- (E) Subcontracting of work; and
- (F) Other criteria discussed in FAR 15.404-4.

(ii) Separate percentage rates for profit are also required for major subcontractors.

(5) Markup. The offeror may request a markup on subcontract labor. If it does so, it should state the percentage and provide a justification for that figure.

(6) Other Direct Costs. The offeror shall briefly describe the following:

- (i) Travel/Subsistence costs;
- (ii) Subcontractor costs; and
- (iii) How subcontracting costs were analyzed.

(c) Audit Reports. If the offeror or any subcontractor has been audited by a Government agency within the last two years, or has approved indirect cost rates, provide a copy of the audit report, or, if not available, the name, address, and telephone number of the audit office. Similarly, information on any Government-approved indirect cost rates should be provided.

(End of clause)

[75 FR 10570, Mar. 8, 2010; 75 FR 14496, Mar. 26, 2010]

#### **1352.216-70 Estimated and allowable costs.**

As prescribed in 48 CFR 1316.307(a), insert the following clause:

##### **ESTIMATED AND ALLOWABLE COSTS (APR 2010)**

(a) Estimated Costs. The estimated cost of this contract is \$ \_\_\_\_\_ [insert total cost of contract], which consists of \$ \_\_\_\_\_ [insert amount of cost that is reimbursable] for reimbursable costs and \$ \_\_\_\_\_ [insert amount of fixed fee] for fixed/incentive fee. These costs shall be subject to the provisions of FAR clause 52.232-20, "Limitation of Cost," FAR clause 52.216-7, "Allowable Cost and Payments," and FAR clause 52.216-8, "Fixed Fee."

(b) Subject to Availability of Funds [Insert paragraph (b) when the contract is issued subject to the availability of funds].

"The amount of funding for this contract is \$ \_\_\_\_\_ [insert amount being funded], which consists of \$ \_\_\_\_\_ [insert amount of reimbursable costs funded] for reimbursable costs and \$ \_\_\_\_\_ [insert amount of fixed fee funded] for Fixed/Incentive Fee. These costs shall be subject to the provisions of FAR 52.232-22, "Limitations of Funds.""

(c) Allowable Costs.

(1) Final annual indirect cost rate(s) and the appropriate base(s) shall be established in accordance with FAR Subpart 42.7, in effect for the period covered by the indirect cost rate proposal.

(2) Until final annual indirect cost rates are established for any period, the Government shall reimburse the contractor at billing rates established by the Contracting Officer (or cognizant Federal agency official) or auditor in accordance with FAR 42.704, subject to adjustment when the final rates are

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established. The established billing rates are currently as follows:

\_\_\_\_\_ [Insert billing rate]

(End of clause)

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### 1352.216-71 Level of effort (cost-plus-fixed-fee, term contract).

As prescribed in 48 CFR 1316.307(b), insert the following clause:

Labor category	Base period	Option period I	Option period II	Option period III
xxxxxxxxxx .....	xxxx	xxxx	xxxx	xxxx
xxxxxxxxxx .....	xxxx	xxxx	xxxx	xxxx
Total Direct Labor .....	xxxx	xxxx	xxxx	xxxx

(c) The hours specified above are provided as estimates only. If the actual amount of hours incurred falls within 90% to 110% of this estimate, the fee shall not be adjusted.

(d) In the event that the contractor shall be required to provide less than 90% of the estimated DPLH, the fixed fee of the contract shall be equitably adjusted by unilateral modification to the contract. The fixed fee adjustment shall be based solely upon the difference between the DPLH actually provided and 90% of the estimated DPLH, calculated as follows:

Adjusted Fixed Fee = (Actual DPLH/(.9 × Estimated DPLH)) × Specified Fixed Fee

(e) In the event that the contractor shall be required to provide more than 110% of the estimated DPLH, the fixed fee of the Contract shall be equitably adjusted by unilateral modification to the Contract. The fixed fee adjustment shall be based solely upon the difference between the DPLH actually provided and 110% of the estimated DPLH, calculated as follows:

Adjusted Fixed Fee = (Actual DPLH/(1.1 × Estimated DPLH)) × Specified Fixed Fee

(f) These terms and conditions do not supersede the requirements of either FAR clause 52.232-20 "Limitation of Cost" or FAR clause 52.232-22 "Limitation of Funds."

(End of clause)

[75 FR 10570, Mar. 8, 2010; 75 FR 14496, Mar. 26, 2010]

### 1352.216-72 Determination of award fee.

As prescribed in 48 CFR 1316.405-2, insert the following clause:

#### LEVEL OF EFFORT (COST-PLUS-FIXED-FEE, TERM CONTRACT) (APR 2010)

(a) In performance of the effort directed in this contract, the contractor shall provide the total of Direct Productive Labor Hours (DPLH) as specified in Part I, Section B during the term specified in Section \_\_\_\_\_. DPLH is defined as actual work hours exclusive of vacation, holidays, sick leave, and other absences.

(b) Only the DPLH categories indicated below shall be charged directly to the contract. It is estimated that the DPLH will be expended approximately as follows:

#### DETERMINATION OF AWARD FEE (APR 2010)

Based upon the quality of its performance and the results of the Government's performance evaluation, the contractor may earn an award fee.

(a) The total amount of award fee available under this contract is assigned according to the following:

[Insert appropriate information]

(b) A Performance Evaluation Plan shall be unilaterally established by the Government as part of the contract and used for the determination of award fees. This plan shall include the criteria that will be used to evaluate the contractor's performance and to determine the percentage of award fee (if any) available for each performance period.

(c) The criteria contained within the Performance Evaluation Plan may relate to:

(1) Quality of performance of the contract requirements;

(2) Effective management of the contract; and

(3) Cost controls.

(d) The Performance Evaluation Plan may be revised unilaterally by the Government at any time during the period of performance, however unless mutually-agreed to a revision shall not affect the current evaluation period. Notification of such changes shall be provided to the contractor [insert number] calendar days prior to the start of the evaluation period to which the change will apply.

(e) At the conclusion of each evaluation period, and in accordance with the performance evaluation plan, a determination of the amount of the award fee earned shall be made in writing to the contractor by the Government Fee Determination Official (FDO). The FDO's unilateral determination of the amount of award fee earned in any evaluation period or a determination that no fee was earned shall be conclusive.